DABUR INDIA LTD

v.

NAGASEGI SDN BHD & ORS

HIGH COURT MALAYA, KUALA LUMPUR
AZAHAR MOHAMED J
[CIVIL SUIT NO: D5(IP)-22-1055-2006]
8 JUNE 2010

TRADE MARKS: *Passing off - Deception or confusion - Whether occurred - Likelihood of it occurring - Whether goods of plaintiff and 1st defendant had borne striking similarities - Factors to consider - Whether products of plaintiff and 1st defendant in direct competition with one another - Whether inference of likelihood of damage to plaintiff's goodwill through loss of sales occurred - Whether defendants passed off products as products of plaintiff - Whether there had been practical likelihood of confusion and deception to public*

TRADE MARKS: *Registration - Application for - Registration of trade mark - Whether plaintiff owner of well-known trademarks - Factors to consider - Evaluation of evidence - Effect of - Whether defendants infringed plaintiff's right to well-known trademarks under s. 70B of the Trade Marks Act 1976 - Trade Marks Regulations 1997, reg. 13B*

TRADE MARKS: *Infringement of - Defence - Whether plaintiff delayed in bringing action and thereby acquiesced to defendants' breach*

TRADE MARKS: *Infringement of - Ownership of trademark - Factors to consider - Whether plaintiff original proprietor for trademark - Whether plaintiff contract manufacturer employed by defendants to manufacture toothpaste products in question*

TRADE MARKS: *Infringement of - Whether alleged infringing trademark identical or similar to plaintiff's trademark - Factors to consider - Whether plaintiff lawful proprietor of copyright in goods - Whether plaintiff established cause of action for infringement of its copyright subsisting in artistic works against defendants - Evidence adduced - Evaluation of - Effect of*

TRADE MARKS: *Infringement of - Registered trade mark and passing off - Interim injunction - Whether suitable to grant under circumstances*

The plaintiff, a public limited company based in India, was the manufacturer of various products including toothpastes marketed under the trademarks PROMISE and MISWAK. The Plaintiff introduced the toothpaste product under the trademark MISWAK into the Malaysian market by granting the 4th defendant its distributorship through the 1st to 3rd defendants and Tekstil Nina Durani. In 1995 and 2002

A respectively, the plaintiff had filed an application with the Intellectual Property Corporation of Malaysia ('IPCM') for the registration of the trademark PROMISE and MISWAK under the Act but both applications had been pending todate. In 2003, the plaintiff terminated the 4th defendant's right to distributorship due to the breach of the B Distributorship Agreement by the 4th defendant. The 1st defendant had also submitted an application to IPCM to register the trademark PROMISE in Malaysia as its proprietor. The plaintiff, upon realizing this, had asked the 1st and 4th defendant to either assign or withdraw the application and the latter had assured the plaintiff that their C application to IPCM would be transferred/assigned in favour of the plaintiff. Despite this, the 1st defendant's application was advertised in the Warta Kerajaan. Thus the plaintiff instructed its trademark agent to commence opposition proceedings against the 1st defendant's application. Then sometime in 2005, the plaintiff's Marketing Manager while in Malaysia, came across toothpaste offered for sale by the 1st defendant D under the labels INTAN PROMISE and MISZWAK which comprised substantially the plaintiff's trademarks and which consisted significantly of the get-up of the plaintiff's toothpaste products under the trademarks PROMISE and MISWAK. The plaintiff had not consented to the use by the 1st defendant of the trademarks PROMISE AND MISWAK in E the course of business. The plaintiff then discovered that Persona Cosmetics, a partnership firm in India, had been manufacturing toothpaste products under the trademark INTAN PROMISE and MISZWAK and had exported the same to the 1st defendant in Malaysia for distribution or sale and the former commenced legal proceedings F against Persona Cosmetics, its directors, the 1st, 3rd and 4th defendants. An ad interim injunction against all the parties was granted basically from manufacturing, importing and distributing the sale of toothpaste bearing the label INTAN PROMISE in Malaysia pending determination of the suit. The plaintiff through their solicitors then issued a demand letter to G the defendants in Malaysia demanding that they stop importing and/or distributing and/or selling toothpaste bearing the label INTAN PROMISE. The defendants did not respond to this demand and this action was then filed in the High Court. The plaintiff's action against the defendants was for the tort of passing off, copyright infringement and under s. 70B of the Trade Marks Act 1976 ('Act'). There were H five main issues that arose for consideration before this court: (i) whether the defendants had passed off their products as the plaintiff's products; (ii) whether there had been copyright infringement by the defendants; (iii) whether s. 70B(2) of the Act had been contravened; (iv) whether the plaintiff had been the contract manufacturer of the I defendants and (v) whether the plaintiff had acquiesced to the defendants' unlawful acts.

Held (allowing plaintiff's claim; dismissing defendants' counterclaim): A

(1) The first party which had marketed the toothpaste products under the trademarks PROMISE and MISWAK had been the plaintiff through Mr Devicharan. Thus, since the plaintiff had been the initial user of the trademarks PROMISE and MISWAK, they had in fact been the rightful owner of the said trademarks. (para 13) B

(2) The defendants' INTAN PROMISE and MISZWAK trademark, get-up and packaging had been confusingly and deceptively similar to the plaintiff's PROMISE and MISWAK trademark, get-up and packaging. The striking similarities had rendered the trade and public to be confused as they had been identical goods. More so as they had been offered for sale to consumers either side by side or in the same section of the supermarkets and retail outlets. The significance lay in the likelihood of confusion between the two products being extremely high. The defendants' products which had been sold alongside the plaintiff's products had appealed to precisely the same segment of customers and purchasers who had recognized the product by reference to the general get-up, colour and shape of the product and they would be misled. The plaintiff's trademark, get-up and packaging had become distinctive of the plaintiff's products and the use by the defendants of a similar trademark, get-up and packaging had been likely to deceive or cause deception or confusion to a potential buyer of toothpaste. Where the product of the plaintiff and defendants had been in direct competition with one another, the court would infer a likelihood of damage to the plaintiff's goodwill through the loss of sales. Thus the defendants had passed off their products as the products of the plaintiff. (para 14) C D E F

(3) In the present action, the copyright subsisting in the artistic works had concerned the labels of the toothpaste products PROMISE and MISWAK. These works had been created by the plaintiff and/or had been works created by parties who had been commissioned by the plaintiff and as such, the plaintiff had been the lawful proprietor of all the copyright subsisting in the said works. By virtue of Malaysia's accession to the Berne Convention for the Protection of Literary and Artistic Works 1886 ('Berne Convention'), works published in the state that is a party to the Convention could enjoy copyright protection in Malaysia even if there had not been first publication here. The Copyright (Application to Other Countries) G H I

Regulations 1990 came into force on 1 October 1990 and gave effect to the provisions of the Berne Convention. For that reason, the plaintiff being an entity incorporated in India, which had been a contracting party to the Berne Convention, had been entitled to copyright protection in Malaysia. The defendants had always been aware of the plaintiff's toothpaste products sold under the plaintiff's trademarks PROMISE and MISWAK as they had purchased the goods as a distributor from the plaintiff. The defendants had copied the words PROMISE and MISZWAK and the colour scheme, layout and get-up of the plaintiff's toothpaste products. The defendants had infringed the plaintiff's copyright subsisting in the artistic works concerning the toothpaste products PROMISE and MISWAK and their descriptions. (paras 16-17 & 20-21)

(4) The protection of well-known trademarks is provided under s. 70B of the Act which allows the right to exist regardless of whether the mark is actually used or registered as the exclusive protection is given whether or not the proprietor carries out the business or has any goodwill in Malaysia. The Trade Marks Regulations 1997 was amended to incorporate provision 13B to support and enforce s. 70B by the owners of well-known trademarks. There was evidence to show unsolicited requests from potential distributors for the plaintiff's goods. Evidence had also been adduced to show the commercial value of the plaintiff's trademarks. By reason of the extensive goodwill and reputation attained by both the trademarks PROMISE and MISWAK, the plaintiff had acquired the exclusive rights to use the said trademarks in Malaysia and the world to the exclusion of all other parties and it could claim the trademarks PROMISE and MISWAK as being well known trademarks. Thus the defendants' use of the trademarks INTAN PROMISE and MISZWAK in Malaysia in the course of trade, without the plaintiff's consent had been likely to deceive or cause confusion to the public and the defendants had not been entitled to rely on s. 70(B)(2) of the Act as there had not been a *bona fide* use of the trademarks in dispute by them. The defendants had infringed the plaintiff's right to its well-known trademarks PROMISE and MISWAK under s. 70B of the Act and the latter could restrain any unauthorized use of the trademark which, or the essential part of which had been identical or confusingly similar to the well-known trademark. (paras 22-26)

(5) The plaintiff had won international recognition and accolades for their toothpaste marketed under the trademark PROMISE. This toothpaste had first been distributed by one Mr Devicharan sometime in 1988 or 1989 for the payment of money and it showed

that the plaintiff had been the original proprietor for the trademark PROMISE. The plaintiff had not been a contract manufacturer employed by the defendants to manufacture the toothpaste products in question and their relationship had been purely on a seller-distributor basis. (paras 29-30)

(6) The plaintiff, upon discovering the defendants' offending toothpastes bearing the marks INTAN PROMISE and MISZWAK, had taken steps to protect its trademark. Legal proceedings had been commenced against the defendants in India and an ad interim injunction had been obtained against the manufacturer of the toothpaste bearing the trademarks INTAN PROMISE and MISZWAK. In addition, the plaintiff had caused their solicitors here to issue a notice to the defendants to cease and desist and they had subsequently instructed their solicitors to commence opposition proceedings against the 1st defendant's trademark application for the mark INTAN PROMISE. Finally, the plaintiff had commenced the present suit against the defendants. Thus there had not been any unreasonable or inexcusable delay on the part of the plaintiff in commencing the present suit. (para 32)

Case(s) referred to:

Charles Walker & Co Ltd v. The British Picker Co Ltd [1961] RPC 57 ***(refd)***

Hai-O Enterprise Bhd v. Nguang Chan [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436 HC ***(refd)***

Hexagon Tower Sdn Bhd v. Polydamic Holdings Sdn Bhd & Ors [2005] 1 LNS 77 HC ***(refd)***

McCurry Restaurant (KL) Sdn Bhd v. McDonald's Corporation [2009] 3 CLJ 540 CA ***(refd)***

Meidi (M) Sdn Bhd v. Meidi-ya Co Ltd, Japan & Anor [2008] 1 CLJ 46 CA ***(refd)***

Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd [1993] 2 CLJ 94; [1993] 2 BLJ 26 ***(refd)***

Tavener Rutledge Ld v. Specters Ld [1959] RPC 355 ***(refd)***

Legislation referred to:

Trade Marks Act 1976, s. 70B(2)

For the plaintiff - Surendran Subramaniam (C Soosay Nathan with him); M/s Christie Soosay Nathan & Assocs

For the defendants - Ng Kim Poh (Ee Chai Hak & Ee Tin Gin with him); M/s Ee & Assocs

Reported by Sharmini Pillai

JUDGMENT

Azahar Mohamed J:

[1] Dabur India Limited (the plaintiff) is a public limited company based in India. The plaintiff's causes of action against the defendants are for the tort of passing off and copyright infringement.

The claim by the plaintiff is also based under s. 70B of the Trade Marks Act 1976 (the Act). Section 70B of the Act, which came into force on 1 August 2001, grants protection to proprietors of well-known trade marks against the registration and use of well-known trade marks.

[2] The plaintiff is a manufacturer of various products. This include, among other things, toothpaste marketed under the trade mark PROMISE. The plaintiff has won international recognition and accolades for their toothpaste marketed under the trade mark, Promise. These include, among other things, the certificates/letters of recommendation given by an institute based in Paris, France known as La Monde Selection in the years 1981 and 1982 and accreditation from British Dental Health Foundation on 25 September 1994. The plaintiff has marketed and advertised PROMISE toothpaste on an extensive scale since its introduction. Substantial expenses were incurred in its advertising and promotion. The plaintiff also manufactures and markets toothpaste under the trade mark MISWAK. The plaintiff has also marketed and advertised MISWAK on an extensive scale since its introduction. Substantial expenses were incurred in its advertising and promotion.

[3] Now, sometime between 1988 and 1989, one Mr Devicharan, the plaintiff's first distributor, initiated the entry of the toothpaste products marketed under the trade mark Promise into Malaysia. The plaintiff was paid USD 1,800 by Mr Devicharan as a consideration to import from India the toothpaste to be marketed under Promise *via* Singapore for the purpose of distribution and sale. Subsequently, on 9 February 1989, one Mr Dawood Abbasi (the 4th defendant) has approached and requested the plaintiff to give him an exclusive distributorship of the toothpaste marketed under the trademark PROMISE in the South East Asian region. In the course of business with the plaintiff, the 4th defendant had acted through several entities, ie, the 1st to 3rd defendants and Tekstil Nina Durani, which corresponded with the plaintiff over the years in respect of the distributorship of PROMISE. Sometime in 1997, the plaintiff introduced the toothpaste product under the trade mark MISWAK into the Malaysian market by granting the 4th defendant its distributorship through the 1st to 3rd defendants and Tekstil Nina Durani.

[4] At this point, it would be appropriate to take note that on 6 July 1995, the plaintiff filed an application with the Intellectual Property Corporation of Malaysia (IPCM) for the registration of trade mark PROMISE under the Act. Their application has been allocated as the Trade Mark Application No. 95/06641 and the application is currently pending. On 19 December 2002, the plaintiff also filed an application with the IPCM for the registration of MISWAK. The application is now pending. The plaintiff has also marketed and advertised MISWAK on an extensive scale since its introduction.

[5] The plaintiff terminated the 4th defendant's right for distributorship through the other defendants on 26 February 2003 due to the breach of the distributorship agreement by the 4th defendant. The 1st defendant had submitted an application to IPCM to register the trade mark PROMISE in Malaysia as its proprietor under the application no. 91/02322 on 15 May 1991.

[6] Upon realizing the 1st defendant's application to register the trade mark PROMISE, the plaintiff had asked the 1st defendant and 4th defendant to either assign or withdraw the application in order for the plaintiff to proceed with its application.

[7] In the meantime, the business between the defendants and plaintiff continued as usual, as the 1st defendant had through the 4th defendant, assured the plaintiff that their application to IPCM to register the trade mark PROMISE would be transferred/assigned in favour to the plaintiff. In spite of this, the IPCM advertised the 1st defendant's application in Warta Kerajaan No. 1947 Jilid 50 No. 2 Tambahan No. 3 dated 19 January 2006. In view of that, the plaintiff instructed its trademark agent to commence opposition proceedings against the 1st defendant's application.

[8] Sometime in 2005, the plaintiff's marketing manager, one Mr Maneck Katpitia while in Malaysia came across toothpaste offered for sale by the 1st defendant under a label mark INTAN PROMISE. He purchased the same. According to the plaintiff, the said toothpaste sold by the 1st defendant under the label mark INTAN PROMISE comprises substantially of the plaintiff's trade mark PROMISE and consists significantly of the get-up of the plaintiff's toothpaste products under the trade mark PROMISE. Mr Maneck Katpitia also came across a toothpaste product sold by the 1st defendant under the label mark MISZWAK. It is the case of the plaintiff that the toothpaste product sold by the 1st defendant under the label mark MISZWAK also comprises

substantially of the plaintiff's trade mark "MISWAK" and consists significantly of the get-up of the plaintiff's toothpaste product under the trade mark "MISWAK". At no time did the plaintiff consent to the use by the 1st defendant of the trade marks "PROMISE" and "MISWAK" in the course of business.

[9] Subsequently, the plaintiff learnt that one Personna Cosmetics, a partnership firm in India, manufactured the toothpaste products under the trade mark INTAN PROMISE and MISZWAK and exports the same to the 1st defendant in Malaysia for distribution or sale. This is when the plaintiff commenced legal proceedings against Personna Cosmetics, its directors, the 1st defendant, 3rd defendant and the 4th defendant of the present case in the High Court of Judicature at Bombay, *vide* Petition No. 2731 of 2005. The High Court of Bombay, India granted the plaintiff *ad interim* injunction against all the above-mentioned parties on 7 October 2005 from manufacturing, importing and distributing the sale of toothpaste bearing the label INTAN PROMISE in Malaysia pending disposal of the suit.

[10] After that, the plaintiff had through their solicitors caused a letter dated 20 January 2006 issued to the defendants in Malaysia to demand them from importing and/or distributing and/or selling toothpaste bearing the label INTAN PROMISE. Nevertheless, the defendants did not respond to the demand. Not surprisingly, the plaintiff filed this action on 17 July 2006. The plaintiff prays, among others, for the following orders from this court:

1. An injunction to restrain the defendants, whether by themselves, it's directors, officers, servants or agents or any of them or otherwise howsoever from doing the following acts or any of them, that is to say:

   (a) Passing off and/or attempting to pass off and/or causing, enabling, procuring or assisting others to pass off whether by manufacturing, importing, distributing, selling or offering for sale or for any other purpose of trade, toothpaste products not of the plaintiff's manufacture or distribution as and for the toothpaste products of the plaintiff's manufacture and distribution by the adoption and use of the trade marks "PROMISE" and "MISWAK" or any other trade mark which is confusingly, deceptively or colourably similar thereto or in combination with "Intan" or any other word;

(b) Infringing the plaintiff's right to its well known trade marks of "PROMISE" and "MISWAK" as provided for under s. 70B of the Trade Marks Act 1976;

(c) Infringing the plaintiff's copyright subsisting in the artistic and literary works concerning the toothpaste products "PROMISE" and "MISWAK" and its descriptions.

2. An order for the obliteration, from all or any goods as are in the defendants' possession, power, custody and control which bear the trade marks "PROMISE" and "MISWAK" or any other trade mark which is confusingly, deceptively or colourably similar thereto or in combination with "Intan" or any other word;

3. An order for delivery up of all relevant documents, including import documents, bills, invoices, contracts, customer records, delivery orders, prosecution orders and other documents relating to the manufacture, importation, distribution, sale or offer for sale by the defendants of products which bear the trade mark "PROMISE" and "MISWAK" or any other trade mark which is confusingly, deceptively or colourably similar thereto or in combination with any other words are in the possession, power, custody or control of the defendants;

4. An order for delivery up for destruction on oath of all bottles, cartons or boxes of toothpaste products as are in the defendants' possession, power, custody or control which bear the trade marks "PROMISE" and "MISWAK" or any other trade mark which is confusingly, deceptively or colourably similar thereto or in combination with any other word and verification upon oath that the defendants do not have in its possession, power, custody or control any such items;

5. An order directing that the defendants, its directors, officers, servants or agents do forthwith destroy or cause to be destroyed all packaging, printed matter, stationery, letter heads, signboards, business cards and all advertisement and promotional materials which are in the possession, power, custody or control of the defendants, its directors, officers, servants or agents which bear the trade mark "PROMISE" and "MISWAK" or any other trade mark which is confusingly, deceptively or colourably similar thereto or in combination with any other word and verification on oath that the defendants do not have any such articles in its possession, power, custody or control;

6. An inquiry as to damages or at the plaintiff's option, an account of profits of the defendants.

[11] Against such a background, there are five issues for consideration. I shall deal with each of them in turn.

Passing Off

[12] The elements of passing off are: (i) goodwill and reputation of the plaintiff (ii) misrepresentation by the defendants in the course of trade (iii) damage or the likelihood of damage will arise as a result (see: *Meidi (M) Sdn Bhd v. Meidi-ya Co Ltd, Japan & Anor* [2008] 1 CLJ 46 and *McCurry Restaurant (KL) Sdn Bhd v. McDonald's Corporation* [2009] 3 CLJ 540.)

[13] Now, it cannot be disputed that the first party, which marketed the toothpaste products under the trade marks PROMISE and MISWAK was the plaintiff through Mr Devicharan. Thus, since the plaintiff was the initial user of the trade marks PROMISE and MISWAK, based on the *Meidi (M) Sdn Bhd v. Meidi-ya Co Ltd (supra)*, the plaintiff is in fact the rightful owner of the PROMISE and MISWAK trade marks.

[14] In addressing this issue, I have had the benefit of seeing and examining the plaintiff's PROMISE and MISWAK trade mark, get-up and packaging and the defendants' INTAN PROMISE and MISZWAK trade mark, get-up and packaging. In comparison and taken as a whole and based on my observation, it is my finding that the defendant's INTAN PROMISE and MISZWAK trade mark, get-up and packaging are confusingly and deceptively similar to the plaintiff's PROMISE and MISWAK trade mark, get-up and packaging. In my view, the striking similarities render the trade and public to be confused as they are identical goods. More so, as they are offered for sale to consumers side either by side or at the same section of supermarkets and other retail outlets. The significance lies in that the likelihood of confusion between the two products is extremely high. The defendants' products are sold alongside the plaintiff's products and appeal to precisely the same segment of customers; purchasers who recognize a product by reference to the general get-up, colour and shape of a product, will be misled. In my view, the plaintiff's trade mark, get-up and packaging have become distinctive of the plaintiff's product and the use by the defendants of similar trade mark, get-up and packaging are likely to deceive or cause deception or confusion to a potential buyer of toothpaste. In this case, where the product of the plaintiff and defendants are in direct competition with one another, the court will infer likelihood of damage to the plaintiff's goodwill through the loss of sale. Therefore, I find that the defendants have passed off their products as the products of the plaintiff.

Copyright Infringement

[15] The Copyright Act 1987 (the Copyright Act) grants a person and/or an entity the exclusive right to do, and to authorize others to do, in Malaysia, certain acts in relation to artistic works. In the cases of *Tavener Rutledge Ld v. Specters Ld* [1959] RPC 355 and *Charles Walker & Co Ltd v. The British Picker Co Ltd* [1961] RPC 57, the courts have held that labels of products are artistic works, which are capable of forming the subject matter of copyright.

[16] In the present action, the copyright subsisting in the artistic works concerns the labels of the toothpaste products PROMISE and MISWAK. These works were created by the plaintiff and/or are works created by parties who were commissioned by the plaintiff and as such, the plaintiff is the lawful proprietor of all the copyright subsisting in the said works.

[17] By virtue of Malaysia's accession to the Berne Convention for the Protection of Literary and Artistic Works 1886 (hereinafter referred to as the "Berne Convention"), works published in the state parties to the Convention may enjoy copyright protection in Malaysia even if there has been no first publication in Malaysia. The Copyright (Application to Other Countries) Regulations 1990 came into force on 1 October 1990 and gave effect to the provisions of the Berne Convention. The case of *Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd* [1993] 2 CLJ 94; [1993] 2 BLJ 26 is the authority, which recognised the rights arising under the Copyright (Application to Other Countries) Regulations 1990. For that reason, the plaintiff being an entity incorporated in India, which is a contracting party to the Berne Convention, is entitled to copyright protection in Malaysia.

[18] In *Hexagon Tower Sdn Bhd v. Polydamic Holdings Sdn Bhd & Ors* [2005] 1 LNS 77, it was held as follows:

> In order to determine whether an infringement of copyright has occurred, the words of Diplock LJ in *Francis Day & Hunter Ltd & Anor v. Bron & Anor* [1963] Ch 587 are useful. His Lordship stated:
>
> It is well established that to constitute infringement of copyright in any literary, dramatic or musical work there must be present two elements: First, there must be sufficient objective similarity between the infringing work and the copyright work, or a substantial part thereof, for the former to be properly described, not necessarily as identical with, but as a reproduction or adaptation of the latter, secondly, the copyright work must be the source from which the infringing work is derived ... there must be a casual connection between the copyright work and the infringing work.

[19] In applying the test adopted in the above authority, my findings are as follows:

(i) Objective Similarity

Taken as a whole, a visual examination of the plaintiff's packaging of the plaintiff's toothpaste products sold under the trade marks "PROMISE" and "MISWAK" with the packaging of the 1st defendants' toothpaste products sold under the marks "INTAN PROMISE" and MISZWAK in Malaysia shows an uncanny resemblance wherein the said packaging look almost identical.

(ii) Casual Connection

This fact is established by virtue of the fact that the defendants were previously the distributors of the plaintiff's toothpaste products sold under the trade marks "PROMISE" and "MISWAK" in Malaysia.

[20] In the present case, the defendants were always aware of the plaintiff's toothpaste products sold under the plaintiff's trade marks "PROMISE" and "MISWAK" as they had purchased the goods as a distributor from the plaintiff. It is an obvious fact that the defendants have copied the words "PROMISE" and "MISZWAK" and the colour scheme, which is deceptively similar to the plaintiff's toothpaste products, which contains a similar colour scheme, lay out and get-up and the words contained therein.

[21] The plaintiff has therefore sufficiently established the cause of action of infringement of the plaintiff's copyright subsisting in its artistic work against the defendants. In my judgment, the defendants have infringed the plaintiff's copyright subsisting in the artistic works concerning the toothpaste products PROMISE and MISWAK and their descriptions.

Section 70B(2) Of The Act - The Protection Of Well-known Trade Marks

[22] The protection of well-known trademarks is provided under s. 70B of the Act, which came into force on 1 August 2001. This section reads:

> … (1) The proprietor of a trade mark which is entitled to protection under the Paris Convention or the TRIPS Agreement as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor's consent of the trade mark which or the essential part of which, is identical with or nearly resembles the proprietor's mark, in respect of the same goods or services where the use is likely to deceive or cause confusion ...

[23] As stated by the author of *Trade Marks Law in Malaysia*, Dr Ida Madieha bt Abdul Ghani Azmi, s. 70B allows the right to exist regardless whether the mark is actually used or registered as the exclusive protection is given whether or not the proprietor carries out the business or has any goodwill in Malaysia. The Trade Marks Regulations 1997 was amended to incorporate the following provision to support the enforcement of s. 70B by the owners of well-known trademarks:

> 13B. Criteria of well-known mark:
>
> In determining whether a mark is well known or not, the following criteria may be taken into account:
>
> (a) the degree of knowledge or recognition of the mark in the relevant sector of the public;
>
> (b) the duration, extent and geographical area of any use of the mark;
>
> (c) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the mark applies;
>
> (d) the duration and geographical area of any registrations, or any application for registration of the mark to the extent that they reflect the use or recognition of the said mark;
>
> (e) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well-known by competent authorities;
>
> (d) The value associated with the mark.

[24] In *Famous And Well Known Marks An International Analysis*, Frederick W Mostert states that the best evidence to show such recognition is by unsolicited request from potential licensees, manufacturers, distributors, importers, retailers and consumers or also by third parties. In this regard, the 4th defendant wrote to the plaintiff for the first time by a letter dated 9 February 1989 with the letterhead of Nina Durani Textile requesting the plaintiff for a distributorship. There was also another company which wrote to the plaintiff by letter dated 25 July 1992 which requested to be authorized as the plaintiff's sole franchisee in Malaysia. All the above shows the unsolicited request from potential distributors for the goods of the plaintiff. The figure of sales of the plaintiff's toothpaste marketed under the marks "PROMISE" and 'MISWAK" had been set out in evidence during the trial. The proof of

the plaintiff's participation in a trade fair as early as 1988 had been proven and verified by the defendants. Evidence have been adduced which shows the plaintiff's registrations and applications for the plaintiff's mark PROMISE and MISWAK in numerous countries which reflect the use or recognition of the said marks. The plaintiff's trade marks PROMISE and MISWAK have been registered in the plaintiff's name in numerous countries such as China, United Kingdom, and the Russian Federation. The plaintiff had enforced its intellectual property rights against infringers in countries of India, Ukraine, Russia, United Kingdom, Morocco and China. The commercial value of the plaintiff's trade marks has been firmly established.

[25] In my judgment, by reason of the extensive goodwill and reputation attained by both the trade marks PROMISE and MISWAK, the plaintiff has acquired exclusive rights to the use of the said trade marks in Malaysia and the world to the exclusion of all other parties and the plaintiff can claim to the trade marks "PROMISE" and "MISWAK" being well-known trade marks. Given this, it is my findings the defendants' use of the trade marks INTAN PROMISE and MISZWAK in Malaysia in the course of trade without the plaintiff's consent as the proprietor of PROMISE and MISWAK are likely to deceive or cause confusion to the public. In this context, the defendants are not entitled to rely on the s. 70B(2) of the Act, because there is no *bona fide* use of the trade marks in dispute by the defendants.

[26] In my judgment, the defendants have infringed the plaintiff's right to its well-known trade marks of PROMISE and MISWAK as provided for under s. 70B of the Act. As a proprietor of the well-known trade marks which is entitled to protection under the Paris Convention or the TRIPS Agreement, the Plaintiff can restrain any unauthorized use of a trade mark which, or the essential part of which is identical or confusingly similar to the well-known trade mark.

Ownership Of The Trade Marks And The Issue Of Contract Manufacturer

[27] It is the contention of the defendants that the plaintiff was the defendant's contract manufacturer. According to the defendants, they are the party who hired the plaintiff to manufacture the toothpaste. In this, they are saying that they are the owner of the trade marks "PROMISE" and "MISWAK".

[28] In the case of *Hai-O Enterprise Bhd v. Nguang Chan* [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436, the court held that:

(a) A foreign manufacturer who places his trade mark upon his product which he intends to export for sale into Malaysia is the proprietor of the mark;

(b) An importer of such goods, notwithstanding the acquisition of a commercial reputation therefore, does not acquire any proprietary rights over a manufacturer's mark merely by being a conduit from manufacturer to ultimate consumer;

(c) Such an importer who registers himself as the proprietor of the manufacturer's mark, even where he does so with the knowledge of the manufacturer, must be treated as having been wrongly registered;

(d) To become a proprietor of a trade mark, so as to be regarded as a true importer's mark, the importer must activate a qualitative change in the mark so as to dissociate any connotation that the mark may have with the manufacturer, so that in the minds of the Malaysian public it is associated exclusively with the importer alone;

(e) The registration, even if with the consent or knowledge of the foreign manufacturer, by a local importer of himself as proprietor of the foreign manufacturer's mark where his role is that of an importer simpliciter, will be regarded as having been obtained by fraud on the Registrar and the Malaysian public.

[29] As stated earlier, the plaintiff has won international recognition and accolades for their toothpaste marketed under the trade mark "PROMISE". These included, among other things, the certificates/letters of recommendation given by an Institute based in Paris, France known as La Monde Selection in the years 1981 and 1982 and accreditation from British Dental Health Foundation on 25 September 1994. On the other hand, the 1st defendant was only incorporated in Malaysia on 18 May 1990. The plaintiff's toothpaste bearing the trademark "PROMISE" was first distributed by one Mr Devicharan sometime between 1988 and 1989 for a consideration of USD 1,800 paid to the plaintiff. All these show that the plaintiff is the original proprietor for the trade mark PROMISE.

[30] In my judgment, the plaintiff was not a contract manufacturer that was employed by the defendants to manufacture the toothpaste products in question. Their relationship was purely on seller-distributor basis.

The Acquiescence Defence

[31] The defendants contend that because of the delay in commencing this present suit, the plaintiff has acquiesced to the defendants' unlawful acts resulting in the defendants continuing to expend money in respect of their unlawful acts.

[32] Now, upon the discovery of the defendants' offending toothpaste products bearing the marks of "INTAN PROMISE" and "MISZWAK", the plaintiff had taken steps to protect its trademark. The plaintiff commenced legal proceedings against the defendants in India and on 14 October 2005, the plaintiff obtained an *ad interim* injunction against the manufacturer, Personna Cosmetics, of the toothpaste bearing the defendants' trademarks "INTAN PROMISE" and "MISZWAK". In addition, the plaintiff instructed their solicitor to cause to issue the notice to cease and desist to the defendants on 20 January 2006. Subsequently, the plaintiff instructed their trade mark agent, Messrs Suren & Ragu to commence opposition proceedings against the 1st defendant's trade mark application for the mark INTAN PROMISE at IPCM on 18 March 2006; and finally the plaintiff commenced the present suit against the defendants on 17 July 2006. In my view, there is no unreasonable or inexcusable delay in commencing the present suit.

Conclusion

[33] For all these reasons, I allow the plaintiff's claim against the defendants. I grant an order in terms of encl. 1 (the plaintiff's statement of claim) prayers (i)(a)(b)(c), (ii), (iii), (iv), (v), (vi), (vii) and (viii). The defendants' counterclaim is dismissed with costs.